

## Message Text

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FM USMISSION GENEVA

TO SECSTATE WASHDC 2881

INFO ALL OECD CAPITALS 0068

AMEMBASSY AMMAN

AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BUENOS AIRES

AMEMBASSY BUJUMBURA

AMEMBASSY CAIRO

AMEMBASSY DACCA

AMEMBASSY DAMASCUS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAGOS

AMEMBASSY LAPAZ

AMEMBASSY LIMA

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AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

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AMEMBASSY PANAMA

AMEMBASSY PORT MORESBY  
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AMEMBASSY RANGOON  
INFO AMEMBASSY SANTIAGO  
AMEMBASSY SEOUL  
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LIMITED OFFICIAL USE SECTION 1 OF 4 GENEVA 8017

C O R R E C T E D C O P Y (DELETION CAPTION STADIS PER GENEVA  
MSG 8030)

E.O. 11652: NA

TAGS:: EMIN , UNCTAD

SUBJECT: UNCTAD PREPARATORY MEETING ON COPPER, GENEVAEPT 30-OCT 1

REF: GENEVA 7722 (NOTAL)

SUMMARY: THE UNCTAD PREPARATORY MEETING ON COPPER, THE FIRST OF 18 COMMODITY CONSULTATIONS AGREED TO AT THE NAIROBI UNCTAD IV CONFERENCE IN MAY, GENERATED STRONG INTEREST AS SOME 53 COUNTRIES ATTENDED, MANY WITH LARGE DELEGATIONS. DEBATE WAS INTENSE AND PROLONGED, EXTENDING UNTIL NEARLY MIDNIGHT ON TWO FINAL DAYS. USDEL SUPPORTED STRONGLY BY THE EC, UK, FRG, JAPAN, FRANCE AND THE NETHERLANDS, CALLED FOR CONTINUATION OF THE WORK PROGRAM OF STUDIES AND ANALYSIS AGREED UPON IN MARCH AD HOC MEETING, AND FOR ESTABLISHMENT OF AN INTERGOVERNMENTAL

CONSULTATIVE BODY FOR COPPER. AMONG PRODUCERS, AUSTRALIA, LIMITED OFFICIAL USE

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CANADA, AND CHILE ALSO GAVE STRONG SUPPORT TO THIS POSITION. G-77 COUNTRIES, LED BY PERU WITH HEAVY BACKING FROM SAUDI ARABIA, INDONESIA AND MEXICO FIRMLY OPPOSED THIS APPROACH; WHILE TACITLY ACCEPTING THE WORK PROGRAM WITH A COMMITMENT TO A TIMETABLE, THEY REGARDED A SEPARATE PRODUCER-CONSUMER FORUM AS AN OBSTACLE TO ACHIEVING THE INTEGRATED PROGRAM, AND AS AN ATTEMPT TO CIRCUMVENT UNCTAD. THE OUTCOME WAS ESSENTIALLY A STANDOFF, ALTHOUGH DRAFT

RESOLUTIONS PRODUCED BY CHAIR WERE CONSISTENTLY TILTED TOWARDS G-77 POSITION. AN INTERGOVERNMENTAL "EXPERT" GROUP OPEN TO ALL UNCTAD MEMBER COUNTRIES WILL MEET IN GENEVA, PROBABLY THREE OR MORE TIMES BEFORE THE END OF MARCH 1977. USG WILL ATTEMPT TO FOCUS THIS GROUP'S DISCUSSION ON REAL ECONOMIC AND TECHNICAL PROBLEMS OF COPPER MARKET. END SUMMARY.

2. THE FIRST PREPARATORY MEETING UNDER THE CYCLE OF COMMODITY CONSULTATIONS AGREED TO AT NAIROBI IN MAY OF THIS YEAR UNDER UNCTAD IV CONFERENCE RESOLUTION 93 (IV) TOOK PLACE AT GENEVA FROM SEPTEMBER 27 TO OCTOBER 1, 1976. THE UNCTAD SECRETARIAT HAD SCHEDULED COPPER AS THE FIRST COMMODITY TO BE CONSIDERED APPARENTLY BECAUSE OF THE IMPORTANCE OF COPPER IN WORLD TRADE (THE LARGEST SINGLE ITEM BY VALUE AFTER PETROLEUM), AND BECAUSE COPPER APPEARS, AT LEAST SUPERFICALLY, TO HAVE SOME OF THE CHARACTERISTICS THAT ARE CONSIDERED NECESSARY FOR A WORK-ABLE COMMODITY AGREEMENT BASED ON AN INTERNATIONAL BUFFER STOCK. THE FACT THAT THE AD HOC CONSULTATION ON COPPER CONVENED BY UNCTAD AT THE REQUEST OF THE COPPER EXPORTERS ASSOCIATION (CIPEC) IN MARCH OF 1976 HAD SCHEDULED A WORKING GROUP MEETING FOR SEPTEMBER ALSO WAS AN IMPORTANT FACTOR.

3. THE FIRST PREPARATORY MEETING ON COPPER AROUSED STRONG INTEREST BOTH AMONG GOVERNMENTS AND IN THE INTERNATIONAL COPPER INDUSTRY AND TRADE. THE MEETING WAS ATTENDED BY 53 COUNTRIES, NEARLY TWICE THE NUMBER REPRESENTED AT THE MARCH MEETING. ALL OF THE MAJOR COPPER EXPORTERS WERE REPRESENTED INCLUDING CIPEC MEMBERS AND A NUMBER OF LESSER PRODUCERS WHO ARE NOT MEMBERS OF CIPEC. CIPEC WAS REPRESENTED AS AN ENTITY. THE MAJOR INDUSTRIAL CONSUMERS LIMITED OFFICIAL USE

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WERE THERE IN FORCE, FIELDING LARGE DELEGATIONS INCLUDING INDUSTRY AND TECHNICAL ADVISERS, AND THE EUROPEAN COMMUNITY (EC) WAS ALSO REPRESENTED AND SPOKE FREQUENTLY AS A SEPARATE ENTITY. IN ADDITION THERE WERE A NUMBER OF COUNTRIES WHICH CAN BE DESCRIBED AS SIGNIFICANT DEVELOPING COUNTRY CONSUMERS OF COPPER, AND WHICH TENDED TO THINK OF THEMSELVES IN THIS WAY. THIS GROUP INCLUDED BRAZIL, INDIA, AND ARGENTINA. FINALLY, THERE WAS A LARGE GROUP OF DEVELOPING COUNTRIES WITH NO DIRECT STAKE IN COPPER EITHER AS PRODUCERS OR AS SIGNIFICANT CONSUMERS WHOSE MAIN OBJECTIVES WERE TO SUPPORT THE UNCTAD SECRETARIAT AND ADVANCE THE INTEGRATED PROGRAM FOR COMMODITIES. SPOKESMEN FOR THIS GROUP INCLUDED SAUDI ARABIA, IRAQ, IRAN, MALAYSIA, VENEZUELA, JAMAICA, PANAMA AND MALTA. IN ADDITION TO GOVERNMENTS, A NUMBER OF INTERNATIONAL ORGANIZATIONS SENT

OBSERVERS TO THE MEETING (IMF, IBRD, GATT, ETC.).  
PIERRE LEGOUX OF FRANCE WAS SELECTED AS CHAIRMAN, WITH  
CITIZEN KAPEND OF ZAIRE SERVING AS VICE-CHAIRMAN-CUM-  
RAPPORTEUR. BOTH HAD SERVED IN SIMILAR CAPACITIES DURING  
THE MARCH CONSULTATIONS. THE MEETING WAS OPENED BY UNCTAD  
SECGEN GAMANI COREA WHO PREDICTABLY INVOKED THE SPIRIT OF  
NAIROBI, EMPHASIZED THE NEED FOR THE "WILL TO ACT",  
DWELT ON THE BUFFER STOCK CONCEPT AND THE IMPORTANCE OF  
SPECIFIC COMMODITY AGREEMENTS, AND NOTED THAT THE COMMON  
FUND WOULD GREATLY AMELIORATE THE FINANCING PROBLEM WHICH  
IN THE PAST HAD PROVEN TO BE THE SINGLE GREATEST OBSTACLE  
TO THE ACHIEVEMENT OF COMMODITY AGREEMENTS BASED ON INTER-  
NATIONAL BUFFER STOCKS. ALTHOUGH THE SUBJECT MATTER WAS  
PREDICTABLE, THE TONE OF COREA'S REMARKS WAS SURPRISINGLY  
MODERATE AND HE MADE WHAT APPEARED TO BE SEVERAL CON-  
CESSIONS TO COUNTRIES CONCERNED OVER THE IMPLICATIONS OF  
THE INTEGRATED PROGRAM FOR COMMODITIES. FOR EXAMPLE, HE  
SAID THE INTEGRATED PROGRAM WAS MERELY A FRAMEWORK WITHIN  
WHICH NATIONS COULD WORK, AND THAT IT WAS NOT INTENDED TO  
BE STRAIGHT-JACKET. HE ALSO SAID THAT IT WAS NOT IN  
CONFLICT IN ANY WAY WITH THE CASE-BY-CASE APPROACH TO  
COMMODITIES, AND THAT THE COMMON FUND WHEN ESTABLISHED  
WILL NOT ITSELF ACT IN COMMODITY MARKETS, LEAVING THIS  
TO INDIVIDUAL COMMODITY ORGANIZATIONS. HOWEVER, HE LEFT  
NO DOUBT THAT HE REGARDED THE COPPER MEETING AS

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C O R R E C T E D C O P Y (DELETION CAPTION STADIS PER GENEVA  
MSG 8030)

PRECEDENT SETTING, SAYING THAT DELEGATES SHOULD BEAR IN  
MIND THE PARALLEL MEETINGS ON THE COMMON FUND SCHEDULED  
TO BEGIN SOON, AND THE LINKS BETWEEN THE COPPER MEETING

AND "THE WHOLE INTERNATIONAL THRUST OF ACTIONS IN THE COMMODITY FIELD".

4. THE DRAFT AGENDA PREPARED BY UNCTAD ACCURATELY POSED THE KEY ISSUES FOR CONSIDERATION BY THE MEETING. THESE WERE (A) CONSIDERATION OF POSSIBLE INTERNATIONAL ACTION ON COPPER INCLUDING RESOLUTION 93 IV ON THE INTEGRATED PROGRAM, AND ALSO THE CONCLUSIONS OF THE MARCH CONSULTATION ON COPPER; AND (B) CONSIDERATION OF FOLLOW-UP ACTION TO BE RECOMMENDED. THE UNCTAD SECRETARIAT ALSO DISTRIBUTED A REPORT ON A POSSIBLE COMMODITY AGREEMENT FOR COPPER UTILIZING A BUFFER STOCK SUPPORTED BY EXPORT OR PRODUCTION CONTROLS TO SERVE AS A BASIS FOR DISCUSSION.

5. THE US POSITION WAS ADVANCED EARLY IN AN OPENING STATEMENT BY US DEL (HEWITT) WHO EMERGED AS A SPOKESMAN FOR THE VIEWPOINT OF THE INDUSTRIALIZED CONSUMERS. WHILE LIMITED OFFICIAL USE

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ACKNOWLEDGING OUR COMMITMENTS UNDER THE NAIROBI RESOLUTION. AND NOTING OUR RESERVATIONS TO IT, USDEL INSISTED THAT ANY CONSIDERATION OF SPECIFIC ARRANGEMENTS DESIGNED TO AFFECT THE COPPER MARKET WAS PREMATURE, AND CALLED FOR A CONTINUATION OF THE WORK PROGRAM OF ECONOMIC STUDIES AND ANALYSIS AGREED UPON IN MARCH. HE ALSO CALLED FOR ACTION TO SET UP INTERGOVERNMENTAL CONSULTATIVE ORGANIZATION FOR COPPER WITHIN THE UNITED NATIONS SYSTEM, BUT WITH ITS OWN STAFF AND BUDGET, A MEASURE WHICH ALSO HAD BEEN AGREED UPON IN MARCH. HE SAID THAT COMPLETION OF THE WORK PROGRAM WAS AN ESSENTIAL PRECONDITION TO DISCUSSION OF SPECIFIC ARRANGEMENTS, BUT INDICATED THAT WE WOULD BE WILLING TO ACCEPT A REASONABLE TIMETABLE FOR ITS COMPLETION, AND NOTED THAT IN ANY EVENT WE WERE BOUND BY THE TIMETABLE IN RESOLUTION 93 IV WHICH LIMITED THE PREPARATORY PHASE IN THESE COMMODITY CONSULTATIONS TO A PERIOD ENDING IN MARCH, 1978. THIS POSITION WAS STRONGLY SUPPORTED BY THE EC SPEAKING AS A BODY, AND ALSO INDIVIDUALLY BY THE UK, FRG, FRANCE, NETHERLANDS, AND JAPAN. SEVERAL OF THE WORLD'S MAJOR COPPER PRODUCERS INCLUDING AUSTRALIA, CANADA, AND CHILE ALSO STRONGLY SUPPORTED THIS POSITION.

6. LDC'S LED BY PERU (ARIAS SCHRIEBER) FIRMLY OPPOSED THIS APPROACH. SAUDI ARABIA ALSO PLAYED A LEADERSHIP ROLE. THEIR CONCERN WAS LESS WITH THE WORK PROGRAM, WHICH THEY TACITLY ACCEPTED ALONG WITH THE COMMITMENT TO A TIMETABLE, THAN WITH THE ESTABLISHMENT OF A SEPARATE PRODUCER-CONSUMERS FORUM FOR COPPER, WHICH THEY CHOSE TO REGARD AS AN OBSTACLE IN THE WAY OF EFFORTS TO ACHIEVE THE INTEGRATED PROGRAM, AND AN ATTEMPT TO CIRCUMVENT THE AUTHORITY OF UNCTAD. THUS THE US PROPOSAL BECAME THE

FOCUS OF AN INTENSE AND AT TIMES BLISTERING DEBATE THAT KEPT DELEGATES IN THEIR SEATS UNTIL NEARLY MIDNIGHT ON THE LAST TWO DAYS OF THE MEETING. THIS DEBATE WAS MORE BETWEEN THE GROUP OF 77 COUNTRIES AND GROUP B COUNTRIES THAN IT WAS BETWEEN PRODUCERS AND CONSUMERS. INDEED, AS NOTED ABOVE AUSTRALIA, CANADA, AND CHILE STRONGLY SUPPORTED THE US POSITION, WHILE ZAMBIA AND ZAIRE INDICATED PRIVATELY TO US THAT THEY THOUGHT AN INDEPENDENT PRODUCER-CONSUMER FORUM WAS BOTH DESIRABLE AND INEVITABLE. ONLY PERU, INDONESIA, AND MEXICO AMONG PRODUCERS SPOKE OUT AGAINST THE LIMITED OFFICIAL USE

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US PROPOSAL. THEY WERE ACTIVELY SUPPORTED BY A GAGGLE OF STATES AS INDICATED ABOVE WITH NO SUBSTANTIAL STAKE IN COPPER, BUT WHICH ARE DEDICATED TO THE INTEGRATED PROGRAM AND CLOSELY ALLIED WITH UNCTAD.

7. THE SOCIALIST COUNTRIES KEPT A LOW PROFILE DURING THIS DEBATE. IN THE END THEY EXPLICITLY SUPPORTED THE LDC POSITION AND THE THRUST OF RESOLUTION 93 IV, BUT WITHOUT SHOWING ANY GREAT ENTHUSIASM FOR EITHER ONE. ANOTHER COMPLICATING FACTOR WAS THE ROLE OF THE SEVERAL SELF-IDENTIFIED DEVELOPING COUNTRY CONSUMERS WHO INSISTED THAT THEIR INTERESTS WERE DIFFERENT FROM THOSE OF EITHER PRODUCERS OR INDUSTRIALIZED CONSUMERS AND SOUGHT SPECIFIC MEASURES TO PROTECT THOSE INTERESTS. WHILE THIS ARGUMENT MAKES SOME SENSE, ESPECIALLY IN THE CASE OF BRAZIL AND INDIA, AS A PRACTICAL MATTER THEIR SEPARATE STAND TENDED TO STRENGTHEN THE POSITION OF THE G-77 AND WEAKEN THAT OF THE DEVELOPED CONSUMERS.

8. THE RESULT OF THE PROLONGED DEBATE ON AN INTERGOVERNMENTAL ORGANIZATION AND RELATED MATTERS WAS ESSENTIALLY A STAND-OFF. THE FIRST STEP WAS A SYNTHESIS DRAFTED BY LEGOUX AS CHAIRMAN WHICH TOOK ACCOUNT OF BOTH RESOLUTION 93IV AND THE AGREED CONCLUSIONS OF THE MARCH CONSULTATION, BUT WHICH WAS OTHERWISE FAR FROM A BALANCED DOCUMENT IN THAT IT SPECIFICALLY MENTIONED THE FEASIBILITY AND FINANCIAL IMPLICATIONS OF A BUFFER STOCK AGREEMENT FOR COPPER, BUT MADE NO MENTION OF THE US PROPOSAL FOR A PRODUCER-CONSUMER FORUM THAT HAD BEEN THE MAIN TOPIC OF DISCUSSION FOR THE PREVIOUS TWO DAYS. THE TEXT WAS LATER SIMPLIFIED BY RETURNING TO THE LANGUAGE OF RESOLUTION 93IV AS BEING UNEXCEPTIONABLE SINCE ALL HAD PREVIOUSLY AGREED TO IT. THIS ELIMINATED OBJECTIONABLE REFERENCES TO A POSSIBLE BUFFER STOCK SCHEME FOR COPPER, BUT THE DOCUMENT STILL FAILED TO MENTION A PRODUCER-CONSUMER FORUM FOR COPPER AS AN AGREED OBJECTIVE. LACKING A SPECIFIC PORTION OF THE DOCUMENT ON WHICH THEY

COULD FIX THEIR CONCERN, MOST MAJOR CONSUMERS AND SEVERAL  
MAJOR PRODUCERS LED BY THE US ANNOUNCED THEY WERE  
RESERVING THEIR POSITION ON THE ENTIRE DOCUMENT.  
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9.  
THE DRAFT CONCLUSIONS (REF GENEVA 7722) CALLED UPON  
UNCTAD TO CONVENE AN INTERGOVERNMENTAL GROUP OF EXPERTS  
IN COPPER WITH THE FOLLOWING TERMS OF REFERENCE: (A) TO  
EXAMINE APPROPRIATE MEASURES AND TECHNIQUES REQUIRED TO  
ACHIEVE THE OBJECTIVES OF THE INTEGRATED

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C O R R E C T E D C O P Y (DELETION CAPTION STADIS PER GENEVA  
MSG 8030)

PROGRAM, (B) TO DETERMINE THE FINANCIAL REQUIREMENTS  
RESULTING FROM THE TECHNIQUES EXAMINED, (C) TO MAKE  
NECESSARY EXAMINATION OF THE SITUATION IN THE COPPER

MARKET AND INITIATE THE COLLECTION AND ANALYSIS OF  
RELEVANT INFORMATION AND STATISTICAL DATA, (D) TO  
CONSIDER INTERIM MEASURES WHICH MAY APPEAR NECESSARY,  
(E) TO REPORT TO THE NEXT PREPARATORY MEETING NO LATER  
THAN MARCH 1977. THE EXPERTS GROUP IS TO TAKE ACCOUNT  
OF THE AGREED CONCLUSIONS OF THE MARCH CONSULTATION  
AND ALSO OF THE STUDY ON BUFFER STOCK ARRANGEMENT PREPARED  
BY THE UNCTAD SECRETARIAT WITHOUT SPECIFYING THE  
CONTENTS OF EITHER AND THE SUMMARY REPORT OF THE

MEETING. IT WAS FURTHER AGREED THAT THE EXPERTS GROUP WOULD CONSIST OF A NUCLEUS OF 28 COUNTRIES DIVIDED EQUALLY AMONG PRODUCERS AND CONSUMERS. NUCLEUS GROUP COUNTRIES ARE OBLIGED TO ATTEND THE MEETINGS OF THE EXPERTS GROUP AND PARTICIPATE IN ITS WORK. HOWEVER, OTHER

UNCTAD MEMBERS MAY ATTEND AND PARTICIPATE ON AN EQUAL LIMITED OFFICIAL USE

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BASIS. THE EC AND CIPEC WILL BE REPRESENTED AS ENTITIES ON THEIR RESPECTIVE SIDES OF THE HOUSE. PRODUCERS HAD A HARD TIME COMING UP WITH THE REQUIRED FOURTEEN DESIGNATIONS, AND ACCEPTED THE SERVICES OF TWO "VOLUNTEERS" - BOLIVIA AND TURKEY. THE ENTIRE PRODUCER

LIST IS AS FOLLOWS: AUSTRALIA, BOLIVIA, CANADA, CHILE INDONESIA, MEXICO, NORWAY, PERU, PHILLIPINES, POLAND, TURKEY, YUGOSLAVIA, ZAIRE, ZAMBIA, PLUS CIPEC. CONSUMERS WERE LEFT TO RESOLVE THE PROBLEM OF INCLUDING DEVELOPING AS WELL AS DEVELOPED CONSUMERS IN THEIR LIST, WHICH EMERGED AS FOLLOWS: ARGENTINA, BELGIUM, BRAZIL, FRANCE, FRG, HUNGARY, INDIA, ITALY, JAPAN, SPAIN, SWEDEN, UK, US AND THE EC. ONE POSITION IS VACANT PENDING DESIGNATION OF AN AFRICAN "DEVELOPING COUNTRY CONSUMER" BY THE AFRICAN CAUCUS OF THE G-77 IN GENEVA. THE GROUP OF EXPERTS IS EXPECTED TO HOLD ITS FIRST MEETING IN NOVEMBER, AND WILL MEET THEREAFTER AS REQUIRED, PROBABLY EVERY MONTH OR SIX WEEKS, UNTIL ITS WORK IS FINISHED. NO DATE WAS SET FOR THE NEXT MEETING OF THE PLENARY OF THE UNCTAD PREPARATORY MEETING ON COPPER, BUT IT WILL PROBABLY BE SCHEDULED FOR EARLY SPRING.

10.

THE US AND ITS SUPPORTERS MAINTAINED THEIR RESERVATION ON THE ENTIRE DOCUMENT UNTIL THE FINAL NIGHT OF THE MEETING WHEN USDEL MADE A FIRM STATEMENT MAKING CLEAR OUR CONVICTION THAT METHODICAL COMPLETION OF THE WORK PROGRAM WAS AN ESSENTIAL STEP TO ANY CONSIDERATION

OF SPECIFIC MEASURES. HE NOTED IN THIS STATEMENT AND INSERTED LANGUAGE IN THE FINAL REPORT EXPRESSING DISAPPOINTMENT AND DISPLEASURE THAT THE WEEK'S DISCUSSIONS HAD BEEN FOCUSED ON POLITICAL AND PROCEDURAL ISSUES HAVING VERY LITTLE BEARING ON THE PROBLEMS OF THE COPPER INDUSTRY AND MARKET, AND EXPRESSED THE HOPE THAT THE GROUP OF EXPERTS WOULD BE ABLE TO ENGAGE THESE ECONOMIC AND TECHNICAL ISSUES. IT WAS BECAUSE WE ATTACH SUCH IMPORTANCE

TO THE WORK OF THE GROUP OF EXPERTS AND HOPE TO PARTICIPATE CONSTRUCTIVELY IN IT THAT WE HAD DECIDED TO LIFT

OUR RESERVATION WITH REGARD TO ITS TERMS OF REFERENCE,  
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HE SAID. HOWEVER, HE MADE CLEAR THAT WE CONTINUE TO

SUPPORT THE FOUNDATION OF THE PRODUCER-CONSUMER FORUM FOR  
COPPER, NOTED ASSURANCE BY PRODUCERS STATEMENT BY THE  
CHAIRMAN RECORDED IN THE FINAL REPORT THAT PROVISION FOR  
SUCH A BODY IS IMPLICIT IN THE TERMS OF REFERENCE OF THE  
GROUP OF EXPERTS, AND SAID THAT WE AT AN EARLY DATE WILL  
PRESENT DETAILED PROPOSALS FOR SUCH A BODY TO THE GROUP  
OF EXPERTS. THE US WAS QUICKLY FOLLOWED BY ITS ALLIES WHO  
ALSO LIFTED THEIR RESERVATIONS, BUT STRONGLY SUPPORTED  
THE POINTS MADE BY USDEL.

11. COMMENT:

WE HOPE TO FOCUS THE DISCUSSION IN THE EXPERTS GROUP ON THE

REAL ECONOMIC AND TECHNICAL PROBLEMS OF THE COPPER MARKET

TO THE DEGREE WE ARE SUCCESSFUL WE ANTICIPATE THAT  
COUNTRIES WITH NO SUBSTANTIAL STAKE IN COPPER OR KNOW-  
LEDGE OF IT WILL REDUCE THEIR PARTICIPATION, AND LDC  
PRODUCERS WILL BE FREER TO EXERCISE A TASTE FOR PRAGMATISM  
WHICH, ON THE WHOLE, IS SHARED BY CONSUMERS. GIVEN THE  
OPEN-ENDED CHARACTER OF THE EXPERTS GROUP, HOWEVER, WE  
CAN EXPECT THAT CONSIDERATION OF ISSUES WITH A POLITICAL  
ASPECT WILL LEAD TO THE SAME KIND OF POLARIZATION ALONG NO  
NORTH-SOUTH RATHER THAN PRODUCER-CONSUMER LINES THAT

OCCURED DURING THE FIRST PLENARY. IT SEEMS DOUBTFUL  
EVEN WITH THE BEST OF INTENTIONS ON ALL SIDES THAT THE  
EXPERTS GROUP WILL BE ABLE TO FILE A FINAL REPORT BY  
MARCH.

12.

PARAGRAPH (D) OF THE TERMS OF REFERENCE FOR THE EXPERTS  
GROUP CONCERNING POSSIBLE INTERIM MEASURES COULD CAUSE

SOME DIFFICULTIES DUE TO ITS VAGUE FORMULATION. HOWEVER,  
IT AROSE FROM A SPECIFIC CONCERN OF AFRICAN PRODUCERS  
AND EXPECIALLY ZAMBIA, WITH THE WAY CONTRACTS ARE WRITTEN  
WITH ITS CUSTOMERS USING A FORMULA BASED ON THE LONDON  
METALS EXCHANGE PRICE FOR COPPER. ZAMBIA BELIEVES THAT  
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THE INTERESTS OF SOME PRODUCERS ARE PREJUDICED BY THIS  
FORMULA AND WISHES TO DISCUSS POSSIBLE ALTERNATIVES.  
HOWEVER, THE FRG AND JAPAN STRONGLY OPPOSED SPECIFIC  
MENTION OF THIS PROBLEM IN THE TERMS OF REFERENCE SO  
THIS MORE GENERAL FORMULATION WAS ADOPTED BY MUTUAL

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OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01 AF-08

ARA-06 EA-07 EUR-12 NEA-10 OES-06 INT-05 ISO-00 /116 W  
----- 121720

R 131731Z OCT 76  
FM USMISSION GENEVA  
TO SECSTATE WASHDC 2884  
INFO ALL OECD CAPITALS 0068  
AMEMBASSY AMMAN  
AMEMBASSY BELGRADE  
AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY BUENOS AIRES  
AMEMBASSY BUJUMBURA  
AMEMBASSY CAIRO  
AMEMBASSY DACCA  
AMEMBASSY DAMASCUS  
AMEMBASSY JAKARTA  
AMEMBASSY JIDDA  
AMEMBASSY KINGSTON  
AMEMBASSY KINSHASA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY LAGOS  
AMEMBASSY LAPAZ  
AMEMBASSY LIMA  
AMEMBASSY LUSAKA  
AMEMBASSY MANILA

AMEMBASSY MEXICO CITY  
AMEMBASSY MOSCOW  
AMEMBASSY NEW DELHI  
AMEMBASSY PANAMA  
AMEMBASSY PORT MORESBY  
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AMEMBASSY PORT OF SPAIN  
AMEMBASSY PRAGUE  
AMEMBASSY RANGOON  
INFO AMEMBASSY SANTIAGO  
AMEMBASSY SEOUL  
AMEMBASSY SOFIA  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY TEHRAN  
AMEMBASSY TEL AVIV  
AMEMBASSY TUNIS  
AMEMBASSY VALLETTA  
AMEMBASSY WARSAW

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C O R R E C T E D C O P Y (DELETION CAPTION STADIS PER GENEVA  
MSG 8030)

CONSENT. THE US AND SOME OTHER MARKET ECONOMIES INCLUDING  
CANADA AND AUSTRALIA, INDICATED THAT, WHILE THEY WERE  
WILLING TO DISCUSS PROBLEMS OF CONTRACT PRICING AND TERMS,  
THIS WAS REALLY A MATTER BETWEEN BUYERS AND SELLERS,  
AND AS GOVERNMENTS THEY HAVE LITTLE CONTROL OVER IT. CHILE  
SAID IT HAS NO PROBLEM WITH CURRENT PRACTICE.

13.

WE WERE GRATIFIED BY THE STRONG SUPPORT RECEIVED FROM THE  
EC AS A BODY, AND FROM INDIVIDUAL COUNTRIES,  
ESPECIALLY THE FRG AND THE UK (THOUGH THE INABILITY OF  
THE UK DELEGATE TO GO ALL THE WAY WITH THE HARD LINE MADE  
IT DIFFICULT FOR OTHERS TO DO SO.) MAJOR PRODUCERS SUCH

AS AUSTRALIA, CANADA, AND CHILE WERE ALSO STALWART IN THEIR  
BACKING. THE POSITION WAS ESPECIALLY DIFFICULT FOR  
AUSTRALIA GIVEN ITS MEMBERSHIP IN CIPEC AND ITS GENERAL

POSTURE WITH RESPECT TO THE LDC'S. THE AUSTRALIAN DELEGATE

(MCGOLDRICK) WAS SKILLFUL IN GUARDING HIS COUNTRY'S BASIC  
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ECONOMIC INTERESTS WHILE AT THE SAME TIME WORKING TO BRING ABOUT AN ACCOMODATION BETWEEN COMPETING VIEWS. THE AFRICAN PRODUCERS INDICATED PLAINLY THEY WERE UNHAPPY AT BEING TIED TO THE TAIL OF A KITE BEING FLOWN BY UNCTAD AND THE G-77, BUT DIDN'T PROMISE IMPROVED PERFORMANCE SO LONG AS THE CONSULTATION CONTINUED TO POLARIZE ALONG POLICAL AND GEOGRAPHICAL LINES. THE MILITANCE OF PERU WAS HARD TO UNDERSTAND SINCE, ON PRAGMATIC GROUNDS, IT HAS LESS TO GAIN FROM A COMMODITY AGREEMENT WITH PRODUCTION COUNTRIES EVEN THAN THE AFRICANS. WE CAN ONLY CONCLUDE

THAT IDEOLOGY TOOK PRECEDENT OVER NATIONAL INTERESTS IN THIS CASE. THE EXTREME POLITICAL POSITIONS OF MEXICO AND SAUDI ARABIA WERE APPARENTLY BASED ENTIRELY ON IDEOLOGICAL GROUND THOUGH OF COURSE MEXICO IS A COPPER EXPORTER.

14. IT IS NOT CLEAR WHAT IMPACT THIS FIRST PREPARATORY MEETING UNDER RESOLUTION 93 IV WILL HAVE ON THE MEETINGS TO FOLLOW. CERTAINLY EVERYONE HAD PRECEDENT VERY MUCH IN MIND DURING THE COPPER MEETING. THE TENDENCY OF THE MEETING TO POLARIZE ALONG POLITICAL LINES DOES NOT AUGUR WELL FOR THE GATERINGS TO COME, AND UNCTAD AND THE G-77 WILL NOT HESITATE TO USE GENEVA BASED REPRESENTATIVES TO PACK MEETINGS THEY REGARD AS CRITICAL REGARDLESS OF THE SUBJECT MATTER, OR TO BRING PRESSURE TO BEAR ON LDC PRODUCERS TO ACT AGAINST THEIR OWN ECONOMIC INTERESTS IF NECESSARY TO ACHIEVE THE GOALS OF THE INTEGRATED PROGRAM. IT IS ALSO LIKELY THAT UNCTAD AND THE G-77 WILL CONTINUE TO USE THESE MEETINGS IN AN EFFORT TO ELABORATE AND IMPROVE ON THE NAIROBI RESOLUTION EMPHASIZING SOME POINTS AND DOWNPLAYING OTHERS. ON THE OTHER HAND, UNCTAD AND THE G-77 WERE NOT SUCCESSFUL IN MAKING A COMMODITY AGREEMENT FOR COPPER, THE FOCUS OF THE EXPERT GROUP. IN ADDITION THERE WERE INDICATIONS IN COREA'S OPENING REMARKS, AND ELSEWHERE FROM TIME TO TIME, OF THE REALIZATION THAT ONLY BY ACHIEVING ACCEPTABLE, CONCRETE, LONG TERM RESULTS CAN UNCTAD FULFILL ITS MANDATE AND RETAIN ITS CREDIBILITY. IN ANY EVENT SUBSEQUENT MEETINGS ON OTHER COMMODITIES WILL NOT HAVE THE PRECEDENT-SETTING CHARACTER OF THIS FIRST MEETING ON COPPER, AND HENCE IT

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MAY BE EASIER TO FOCUS DISCUSSION ON THE REAL ISSUES.  
END TEXT.CATTO

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COPPER, INTERNATIONAL ORGANIZATIONS, COMMITTEE MEETINGS, MINING INDUSTRY  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 OCT 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ullricre  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976GENEVA08017  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** HR CHANGED PER 76 GENEVA 8030  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 14  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 GENEVA 7722  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ullricre  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2004 by greeneet>; APPROVED <04 AUG 2004 by ullricre>  
**Review Markings:**

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04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UNCTAD PREPARATORY MEETING ON COPPER, GENEVA SEPT 30-OCT 1  
**TAGS:** EMIN, UNCTAD  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006